

FIRST SET OF DOCUMENT AND INFORMATION REQUESTS OF
THE DEPARTMENT OF COMMUNICATIONS AND ENERGY TO
BOSTON GAS COMPANY, COLONIAL GAS COMPANY AND ESSEX GAS COMPANY
D/B/A KEYSpan ENERGY DELIVERY NEW ENGLAND

D.T.E. 04-62

Respondent: Ann Leary/Elizabeth Arangio

Information Request DTE 1-32

- Q. Refer to Page 7 of Exhibit KED/AEL-1, and Exhibit KED/AEL-2. Explain the difference between the Annual CGA figures shown here and the Annual CGA figures in Exhibit KED/EDA-6(a).
- A. The annual CGA figures found on page 7 of Exhibit KED/AEL-1 represent the annualized CGA factors based on the actual November 2003 CGA filings. These annualized CGA factors were computed by taking the total projected gas costs for the period November 2003 through October 2004 submitted to the DTE in the actual November 2003 CGA filings and dividing by the annualized projected throughput for the corresponding period. The CGA's provided in Exhibit KED/EDA-6(a) represent the CGA factors that would have been in place had the mergers and subsequent portfolio consolidation had not occurred. In Exhibit KED/EDA-6 (a) the Company began the calculation with the demand charges associated with the contract entitlements currently held in the name of each LDC. The Company then made adjustments to reverse the discrete cost reductions that the Company achieved since the mergers, since these cost reductions were demonstrated in the merger cases to have not been achievable without the merger. Next, the Company added in the cost of incremental capacity that each LDC would have had to purchase to meet load growth since the merger. The Company's analysis takes into consideration the growth in design day and design-year sendout, because all three of the LDC systems have experienced significant growth since the mergers in 1998, 1999 and 2000. The result of the Company's analysis is a conservative estimate of the annual demand charges that would be incurred on behalf of customers in each standalone LDC system. Therefore, the CGA factors in Exhibit KED/AEL-2 represent the actual annualized CGA factors based on the actual November 2003 CGA filings while the CGA factors in Exhibit KED/EDA-6(a) represent the annualized CGA factors that would have been in place had the merger and portfolio consolidation had not occurred.